

## State of California

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### Legislative Change No.

**02-11**

Bill Number: AB 1875

Author: Nakano & Correa

Chapter Number: 02-390

Laws Affecting Franchise Tax Board: Section 1900.5 of the Corporations Code  
Sections 23331 and 23334 of the Revenue and Taxation Code

Date Filed with the Secretary of the State: September 6, 2002

**SUBJECT:** Corporations/Articles Of Dissolution

**Assembly Bill 1875 (Nakano & Correa), as enacted on September 6, 2002, made the following changes to California law:**

Section 1900.5 of the Corporations Code is added.

This act allows the directors or the incorporators of a corporation that has not yet issued shares to dissolve by filing a signed and verified Certificate of Dissolution. The Certificate of Dissolution would include a statement that:

- ◆ the Certificate of Dissolution is being filed within 12 months of the filing of the articles of incorporation,
- ◆ the corporation has no debts or liabilities, except those described as tax liabilities,
- ◆ the “tax liability” of the dissolving corporation will either be paid or be assumed by another business entity or individual,
- ◆ a final franchise tax return has been filed with the Franchise Tax Board (FTB),
- ◆ the corporation has not conducted business since incorporation,
- ◆ any net assets of the corporation have been distributed to the entitled persons, if any,
- ◆ the dissolution is authorized by the directors or incorporators,
- ◆ the corporation has not issued any shares, and
- ◆ the corporation is dissolved.

This act allows the Secretary of State (SOS), upon receiving a signed and verified certificate of dissolution, to file the certificate of dissolution without a tax clearance certificate for that corporation from FTB. The SOS would notify FTB of the dissolution.

Section 23331 of the Revenue and Taxation Code is amended.

This act specifies that a certificate of dissolution must be filed with the SOS, if necessary.

Bureau Director

Roger Lackey for B.P.

Date

September 30, 2002

Section 23334 of the Revenue and Taxation Code is amended.

This act adds a reference to Corporations Code Section 1900.5 for exceptions from obtaining a tax clearance certificate.

This act is effective and operative January 1, 2003.

This act will not require any reports by the department to the Legislature.